



King County
Finance & Business Operations

CONTRACT MANAGEMENT

EXECUTIVE POLICY AND PROCEDURE

TRAINING

2016

TODAY'S PRESENTATION

1 INTRODUCTIONS

3 POLICIES & PROCEDURES
OVERVIEW

2 CONTACT US

4 QUESTIONS

Purpose:

To provide an introduction to King County's Contracting Policies & Procedures.

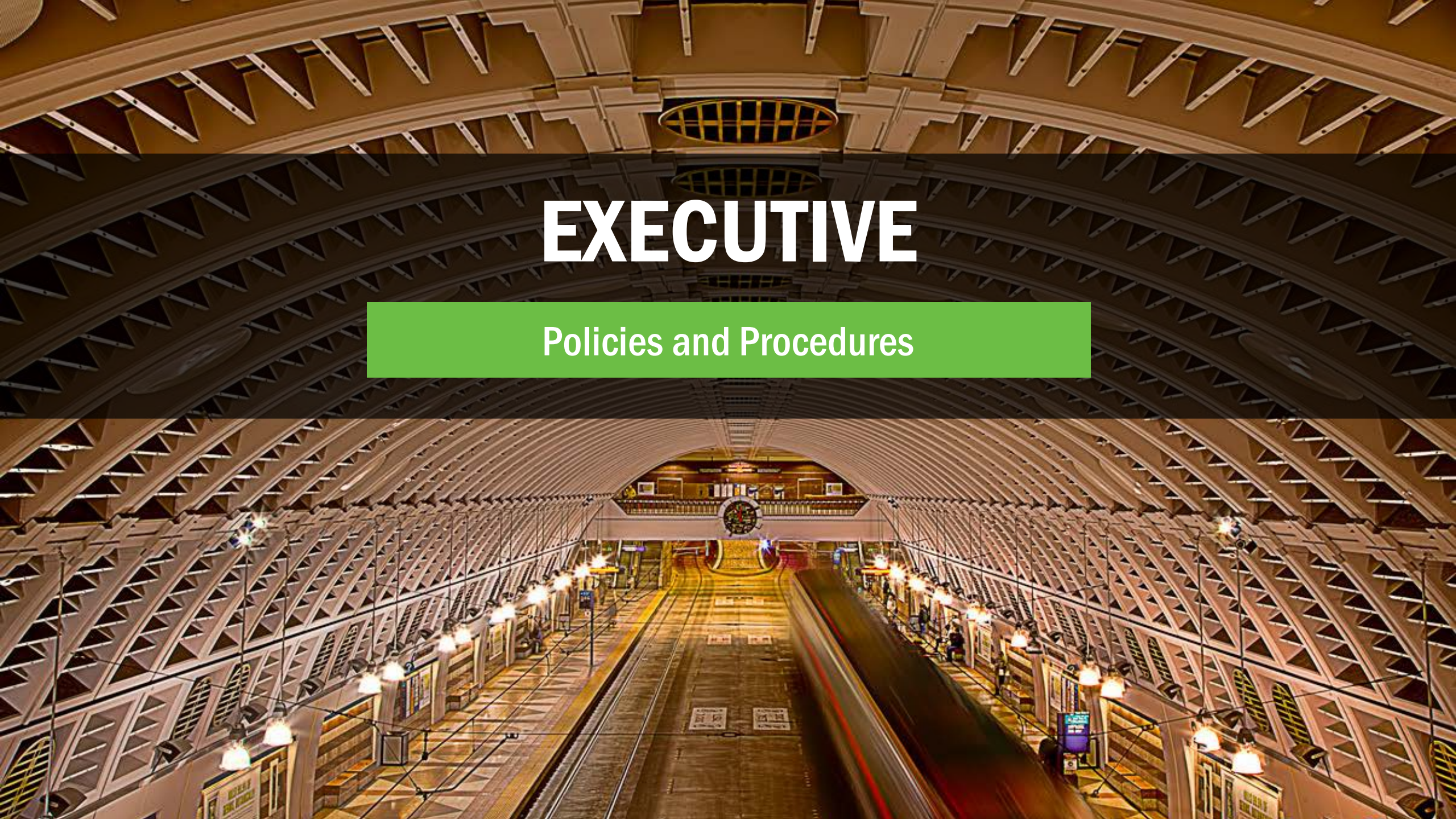
FINANCE - PROJECT CONTROL OFFICE (PCO)

CONTACTS

Project Control Office (PCO) – Team		
Christy Trautman	CAP Supervisor	263-9332
John Trausch	Project Control Manager	263-9734
Jesse Gonzalez	Contract Specialist	263-9335
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CAP Main General Contact		263-9288
Policies and Procedures online: http://www.kingcounty.gov/operations/policies/rules.aspx		

EXECUTIVE

Policies and Procedures



POLICIES **AND** PROCEDURES

CON 7-10-2

Project
Control
Officer

CON 7-13-1

Introduction to
Construction
Management
Policies and
Procedures

CON 7-7-2

Procurement
of Capital
Projects

CON 7-9-3

Capital
Project
and Contract
Planning and
Management

CON 7-5-2

Contract
Closeout

**CON 7-20
(AEP)**

Procurement
and
Administration
Of A/E/P Work
Order Contracts

CON 7-18

Review of
Design and
Construction
Contract
Management
Practices

CON 7-14-1

Design
Management

CON 7-7-1

Small Works
Roster for
Public Work
Projects

CON 7-8-3

Change Order
/ Amendment
Administration

**CON 7-20
(PR)**

Suspension
and
Debarment

CON 7-19

Procurement
and
Administration
of Construction
Work Order
Contracts

CON – 7-10-2 PROJECT CONTROL OFFICER

Purpose

To establish policies and procedures to ensure that the necessary project controls are in place to help produce quality Capital Project that is completed on time and within budget.



CON – 7-10-2 PROJECT CONTROL OFFICER

Types of Project Control Officers (PCO)

- Department of Finance (FIN) PCO
- Implementing Agency (IA) PCO
 - Independence from the Project Management is Primary
 - IA PCO must report to at least one level above PR

General PCO Functions

- Provide Independent Reviews
- Project Compliance with Policies and Procedures
- Provide Training & Assistance

CON – 7-10-2 PROJECT CONTROL OFFICER

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CON – 7-10-2 PROJECT CONTROL OFFICER

PCO Responsibilities

- Initial review of Projects
- Help Plan and Implement Control Processes
- Project Management Plan
- Follow-up review of Projects
- Documentation Review
- Help ensure Policies and Procedures followed

Additional Department of Finance PCO Responsibilities

- Train IA PCO's, and assist with training PM/PR's
- Revise County Policies and Procedures Annually (as necessary)
- Establishment and implementation of cost controls (Cost/Price Review, Escalation, LOE)
[view](#) current escalation rate and maximum salary limit
[download](#) Level of Effort (LOE) workbook – [access](#) all PCO Forms
- Report to County Council quarterly on Compliance

CON – 7-10-2 PROJECT CONTROL OFFICER

Assignment of Responsibilities for PCO's

- Professional Service Contracts
 - Contracts Greater than \$2M are referred to FIN PCO (WTD \$4M)
 - Contracts of \$500k - \$2M are referred to IA PCO (WTD \$500k- \$4M)
 - Contracts Under 500K – No PCO assigned -PR responsible
- Construction Contracts
 - Greater than or equal to \$10M are referred to FIN PCO
 - Between \$1M- \$10M are referred to IA PCO
 - If \$1M or less- No PCO assigned- PR responsible
- Special Assignments can be made or requested (all Projects)
 - FIN PCO must be notified when Contingency use exceeds 75%

CON – 7-10-2 PROJECT CONTROL OFFICER

Typical PCO Contract Review Items

- Procurement Documentation
- Cost/Price Analysis (use of)
- CO & Amendment (processes & documentation)
- Progress Payment (process & documentation)
- Design Management
- Contingency Tracking/Usage
- Schedule Management
- Management Reporting
- Document Control Processes

CON – 7-18 REVIEW OF DESIGN & CONSTRUCTION CONTRACT MANAGEMENT PRACTICES

Purpose

To establish requirements for review of Design and Construction contract management practices for Capital Projects.



CON – 7-18 REVIEW OF DESIGN & CONSTRUCTION CONTRACT MANAGEMENT PRACTICES

Requirements of This Policy

- All CAPITAL PROJECTS and the construction and design management practices of all Executive Departments, Offices and Agencies are subject to review.
- All Capital Project contracts are subject to review by Finance PCO.
- FIN PCO submits quarterly report to King County Council.
- Department Directors are required to inform Finance PCO and IA PCOs regarding actions taken or planned in response to review findings and recommendations
- IA maintain current inventory and status of Construction and Professional Service contracts.

CON – 7-13-1 INTRODUCTION TO CONSTRUCTION MANAGEMENT POLICIES AND PROCEDURES

Purpose

To provide an introduction to King County's Construction Management Policies & Procedures.



CON 7-13-1 INTRODUCTION TO CONSTRUCTION MANAGEMENT POLICIES AND PROCEDURES

OBJECTIVE:

Establish & Implement best business Practices

- Delegate authority & responsibility
- Assign accountability
 - Failure to comply (subject to discipline)
 - K.C.C. 3.12.270
- Ensure adequate controls for cost, schedules & documentation



CON 7-13-1 INTRODUCTION TO CONSTRUCTION MANAGEMENT POLICIES AND PROCEDURES

PROJECT MANAGEMENT (PM) MANUAL:

Applicable to all County agencies, Projects & Changes

- IA Directors to assure compliance by:
 - Maintaining a Project PM Manual
 - Ensure manual complies with Executive P&P
 - Minimizing waivers of compliance
 - Waive only non-procurement P&P's
 - Specifically document circumstances

PROJECT MANAGEMENT (PM) MANUAL:

Manual to Include

- Procedures to comply with Executive Policies and Procedures
- Planning & Programming Documentation
- Process for developing projects including:
 - Scope of Work (SOW), budgets, schedules
- Contract Administration Procedures including:
 - Change Order, Contract Amendments & Pay Application Processing
- Design Management Strategies
- Construction Management Plan
- Closeout Procedures

CON – 7-14-1 DESIGN MANAGEMENT

Purpose

To provide minimum guidelines for the County's development of procedures for the management of in-house or consultant design services on Capital Projects.



CON – 7-14-1 DESIGN MANAGEMENT

Minimum Guidelines for Design Management

- Incorporate into Project Management Manual

Development and Design Phases

- Planning Phase
- Preliminary Design Phase
- Final Design Phase
- Implementation Phase
- Closeout Phase
- Acquisition Phase

CON – 7-14-1 DESIGN MANAGEMENT

The Project Management Manual shall establish process for the following:

- Design Criteria
- Schedule for Design and for Design Review
- Baseline Cost Estimate for completion of Design
- Baseline Cost Estimate for the Implementation of Design
- Process for Design review in accordance with the design schedule
- Design Review Team
- Requirements for constructability reviews prior to completion of construction documents

CON 7-7-2 PROCUREMENT FOR CAPITAL PROJECTS



Purpose

To establish policies overseeing key elements of the procurement process for Capital Projects

CON 7-7-2 PROCUREMENT FOR CAPITAL PROJECTS

General Procurement Information:

- **Follow PCSS Procurement Policies**
 - ✓ **Construction** (lump sum)
 - ✓ **Professional** (lump sum/fixed price or cost plus fixed fee)
- **Professional Services - Cost Controls**
 - ✓ Document Negotiations Process
 - ✓ “Level of Effort” Estimate
 - ✓ Cost Price Analysis (Contracts = to or >150K)
 - ✓ Cost Reporting & invoicing
 - ✓ Project Cost Accounting System

CON 7-7-2 PROCUREMENT FOR CAPITAL PROJECTS

Work Order Contracts

- Work Order Contracts are authorized and utilized when the specific work tasks necessary to meet a given project objective cannot be clearly defined in advance to allow normal contracting procedures; and
- Resources are needed to be available on an “on call” basis to perform the work on schedule.
- Work Authorizations to a Contract’s Scope of Work shall be documented via an approved Work Order.
- A waiver is no longer available to add work outside the Contract’s Scope of Work.

CON 7-7-2 PROCUREMENT FOR CAPITAL PROJECTS

PCSS assistance available for:

- Contract Negotiations
- Cost/Price Analysis

CON 7-7-2 PROCUREMENT FOR CAPITAL PROJECTS

Cost/Price Analysis Contracts or Amends >150K

- Fair & reasonable
- Internal Cost Estimate (pre-negotiation)
 - ✓ Based on SOW
 - ✓ Includes: labor, materials, equipment & other direct costs
- Overhead rates (industry standards & competitors)
- Pre-Contract Audit (of overhead rates)
- Profit Rates (similar work, stds & performance risk)
- Written Justification (for negotiated price)
- Approved by PCSS (if above estimate)
- Includes Escalation & uses cost indexes

CON 7-7-1 (AP) SMALL WORKS ROSTER FOR PUBLIC WORK PROJECTS

Purpose

To Formalize County administrative procedure for the inclusion of Small Works Roster Solicitation into the procurement process for public work projects.

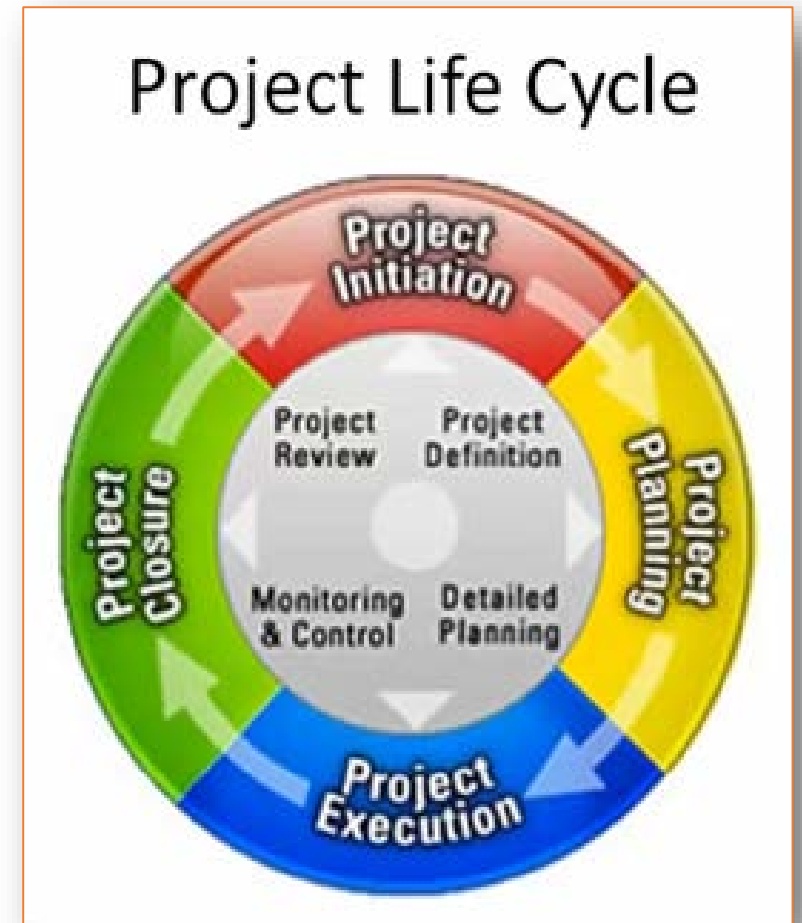
CON 7-7-1 (AP) SMALL WORKS ROSTER FOR PUBLIC WORK PROJECTS

- Small Works Roster may be used for public work contracts with an estimated cost of **\$200,000** or less (KC code & RCW 39.04.155 Currently 300k so this policy may be changed to reflect the KC code limit) .
- Rosters shall be established for different construction disciplines and be comprised of qualified contractors.
- PCSS shall award contracts to the contractor submitting the lowest bid and who is responsive and responsible.
- Departments in consultation with PCSS are responsible for determining whether a project costing less than **\$200,000** will be bid using the small public works roster or the advertised process for public works contracts; and the Department is responsible for developing specifications accordingly. Notification to PCSS should allow sufficient time to allow for the processing of these bids and contracts.

CON – 7-9-3 CAPITAL PROJECT PLAN & MANAGEMENT

Purpose

To establish policies governing key elements of the capital project and contract planning and management process to enhance overall capital project delivery effectiveness.



CON – 7-9-3 CAPITAL PROJECT PLAN & MANAGEMENT

GENERAL REQUIREMENTS

- Planning and Programming Process
- Project Management Plan & Manual
- Budget Established (prior to Planning Phase)
- Project Schedule
- Process to identify risks (Risk Register)
- Quality Control Process
- Monthly Reporting Process
- Document Management Process

CON – 7-9-3 CAPITAL PROJECT PLAN & MANAGEMENT

Construction Manager required when Construction over 10M

CM Duties include but not limited to:

- Review, analyze, recommend approval of schedules
- Establish and maintain document control system
- Independent Cost estimating
- Analyze/negotiate change orders
- Review/recommend approval of progress payments

Waiver allowed if:

- Written Justification (effectively manage without)
- Meet Industry Standard
- Approved by Exec Audit Committee & Deputy County Exec.

CON – 7-9-3 CAPITAL PROJECT PLAN & MANAGEMENT

Detailed Cost Estimate Required

Level of Detail (varies w/complexity)

Minimum Detail:

- Design
- Construction
- County Work force and Administration
- Contingencies
- Permits & Fees

All changes w/in budget- (IA ensures)

CON – 7-9-3 CAPITAL PROJECT PLAN & MANAGEMENT

Project Schedule Required

- Based on Design & Construction Requirements
- Conforms w/General Conditions
- Level of Detail (varies w/complexity)

Elements of Detail include:

- Project start, completion & milestone dates
- Pre-design/Programming activities
- Timeframes & interdependence of project elements
- Acquisition Issues & Permitting
- Design & Construction Phases
- Procurement Processes (Contractor and Consultant)
- Occupancy Uses (including training or startup)
- Closeout

CON – 7-9-3 CAPITAL PROJECT PLAN & MANAGEMENT

Risk Assessment

- Written Assessment (in PM Manual)
- Risk Assessment includes:
 - Identification & characterization of Risk to the Project
 - Risk Quantification- Analyze and Evaluate each risk to assess and quantify the range of potential impacts to the project.
 - Mitigation Responses- Action or Steps to mitigate each Risk

CON – 7-9-3 CAPITAL PROJECT PLAN & MANAGEMENT

Quality Control (QC) Process

Written QC Process (in PM Manual)

QC Process includes &/or compares:

- Review of Contract Activities - against Scope
- Establishment of Baseline Project targets for design scope, schedule, and budget should at the 30%-40% level of design.
- Tests/Inspections to measure Contract Activities- against established Specifications
- Adherence to functional objectives
- Compliance with permitting, regulatory, and environmental requirements and specifications
- Documentation of QC issues
- Actions to Correct QC issues

CON – 7-9-3 CAPITAL PROJECT PLAN & MANAGEMENT

Project Status Reports Required

Based on P & P (in IA Manual)

Report Procedure to include:

- Distribution & frequency
- Level of detail (varies w/complexity)

Basic information includes:

- Costs (to date)
- Budget Status
- Change Orders
- Contract Amendments
- Schedule Status
- Contingency Use

CON – 7-9-3 CAPITAL PROJECT PLAN & MANAGEMENT

Formal Document Indexing System

- Use, Manage & Maintain (throughout project)

Minimums for System:

- Table of Contents (File Index)
- Project Data sheet (contacts & numbers)
- Budget & Schedule
- Correspondence
- Contracts & Amendments
- Invoices & Payment Applications
- Bids
- Change Orders
- Construction Notes
- Permits

CON – 7-8-3 CHANGE ORDER / AMENDMENT ADMINISTRATION

Purpose

To establish policies and procedures for administration of Change Orders/ Amendments for Professional Service and Construction Service Contracts.



CON – 7-8-3 CHANGE ORDER / AMENDMENT ADMINISTRATION

General Change Order requirements

- Must be documented
- Add or Delete work Within SOW
- Changes must comply with Policy
- Executed by IA Director (or designee)

CON – 7-8-3 CHANGE ORDER / AMENDMENT ADMINISTRATION

If a Single or Cumulative CO/Amendment Exceeds 10% of Original Contract Value:

- IAD or their designee must approve the CO Justification Form .
- Thresholds for requiring management signature approvals still apply
- Verbal authorization by the IAD or designee is acceptable, so long as a written authorization is then documented in the project files.
- Consultant/Contractor signs CO or Amendment after IAD has approved the CO Justification Form

CON – 7-8-3 CHANGE ORDER / AMENDMENT ADMINISTRATION

CO Justification Form

- Includes description of change
- Describes reason for change
- Lists contract entitlement
- Notes effects on budget or schedule

No Changes outside original Scope of work

WAIVER is no longer available to add work outside the original Scope of Work- unless it is an Emergency Waiver

CON – 7-8-3 CHANGE ORDER / AMENDMENT ADMINISTRATION

PCO Responsibilities

- Review Project CO files
- Evaluate Adequacy of documentation
- Recommend Changes or Training (if needed)
- Amendments valued at or over \$150,000 on contracts under \$2 million are referred to the IA PCO for review according to the IA's review guidelines. (WTD \$300,000 thousand under \$4 million)
- Amendments valued at or over \$150,000 on contracts over \$2 million are referred to the FIN PCO for advice and consultation. (WTD \$300,000 and over \$4 million)

CON – 7-5-2 CONTRACT CLOSEOUT

Purpose

To establish requirements for closing out completed Construction and Professional Service contracts



CON – 7-5-2 **CONTRACT CLOSEOUT**

Requirements and Responsibility

- Contract Closeout- IA
- Retainage release – IA and Finance Division
- Closeout Procedure(s) in PM Manual - IA
- Contract Closeout Checklist(s) – IA (Minimums in policy)

CON – 7-5-2 CONTRACT CLOSEOUT

A/E Contract Closeout Checklist (minimums)

- Final Invoice from Consultant
- Verify Completion of deliverables
- Receipt of final affidavit of amounts paid from consultant
- Final Payment
- Close Contract in accounting system
- Archive Contract document files

CON – 7-5-2 **CONTRACT CLOSEOUT**

Construction Contract Closeout Checklist (minimums)

- Substantial Completion Request/ Approval
- Punchlists to Contractor from King County IA
- Completion of Punchlist Items
- Warranties, As-Builts/Redlines, O&N Manuals, Record of Drawings, etc
- Approved Final Affidavits of Wages Paid for Prime and for all Subcontractors
- Final King County affidavit of amount paid for all subs and suppliers
- Apprenticeship requirements and other BDCC items
- Final Payment

CON – 7-5-2 CONTRACT CLOSEOUT

Construction Contract Closeout Checklist (minimums) *continued*

- Notice of Final Acceptance
- Lien search
- Washington State releases
- Verify release of claims
- Retention release process
- Close Contract in accounting system
- Archive Contract document files

CON – 7-20 (PR) **SUSPENSION AND DEBARMENT**

Purpose

To establish policies and procedures for the **SUSPENSION** and **DEBARMENT** process related to procurement of King County contracts.

CON – 7-20 (PR) **SUSPENSION AND DEBARMENT**

- Appendix A – [King County processes for SUSPENSION AND
DEBARMENT](#)

CON – 7-20 (AEP) PROCUREMENT & ADMINISTRATION OF A/E/P WORK ORDER CONTRACTS

Purpose

To establish policies and procedures for the procurement and administration of Architectural Engineering and Professional Services (AEP) WORK ORDER contracts.

CON – 7-20 (AEP) PROCUREMENT & ADMINISTRATION OF A/E/P WORK ORDER CONTRACTS

Differences in Work Order Terms:

“AEP WORK ORDER CONTRACT” means a master agreement to be used by the Implementing Agency(s) (IAs) for multiple, small, discrete work elements, for a limited duration, and when the details of the actual work cannot be clearly defined prior to AEP WORK ORDER CONTRACT execution. The actual work is implemented with the execution of INDIVIDUAL WORK ORDER(s).

“INDIVIDUAL WORK ORDER” means for the purpose of this policy a written agreement between King County and the CONSULTANT to perform a clearly defined SCOPE OF WORK, schedule, and price in accordance with the terms of the AEP WORK ORDER CONTRACT.

CON – 7-20 (AEP) PROCUREMENT & ADMINISTRATION OF A/E/P WORK ORDER CONTRACTS

Requirements:

- The Work Order contract shall contain a not-to-exceed (NTE) amount up to \$1,000,000 (excluding sales tax) with no guaranteed minimum amount of work. (may be exceeded with prior PCSS approval)
- One year fixed term with two additional one year options.
- The IA project management manual shall include an approval process for Individual Work Orders
- Every individual Work Order must have a independent estimate or critical estimate review. (Exception for urgent or unplanned events with Division Director approval)
- Division Director or designee must approval Individual Work Orders when independent estimates approaches the \$125,000 limit.

CON – 7-20 (AEP) PROCUREMENT & ADMINISTRATION OF A/E/P WORK ORDER CONTRACTS

Approval Limits:

\$0-\$125,000-Approval limits and delegation of authority established in IA manual.

\$125,000-\$150,000-Approval limits (above the project level authority) and delegation of authority established in IA manual.

Work Orders exceeding \$150,000-Approval limits (above the project level authority) and delegation of authority must be established in IA manual. Required to be sent to PCSS Supervisor or Finance Project Control Officer (or designee) for review and recommendation prior to issuance.

CON – 7-20 (AEP) PROCUREMENT & ADMINISTRATION OF A/E/P WORK ORDER CONTRACTS

Reporting Requirements:

Provide PCSS with a periodic (quarterly) report that lists each of Architectural/Engineering/Professional (AEP) work order contracts and work order history under each contract.

(A) For the AEP WORK ORDER CONTRACT:

- 1.Date the WORK ORDER CONTRACT was executed
- 2.Duration of the agreement
- 3.The NTP date(s),
- 4.The not to exceed contract price for the agreement
- 5.Payments to date against the contract

(B) For each identified INDIVIDUAL WORK ORDER:

- 1.Date the individual work order(s) was executed,
- 2.The NTP date(s),
- 3.A brief description of work
- 4.The original work order price
- 5.The total number and amount of AMENDMENTS
- 6.Revised work order price (including all AMENDMENTS)
- 7.Date closed/accepted
- 8.Total amount paid to date against the work order.

CON – 7-19 PROCUREMENT AND ADMINISTRATION OF CONSTRUCTION WORK ORDER CONTRACTS

Purpose

To establish policies and procedures for the procurement and procurement and administration of contracts.



CON – 7-19 PROCUREMENT AND ADMINISTRATION OF CONSTRUCTION WORK ORDER CONTRACTS

Differences in Work Order Terms:

“CONSTRUCTION WORK ORDER CONTRACT” means a master Public Works construction agreement to be used by the Implementing Agency(s) (IAs) for multiple, small, discrete work elements, and when the details of the actual work cannot be clearly defined prior to CONSTRUCTION WORK ORDER CONTRACT execution. The actual work is implemented with the execution of INDIVIDUAL WORK ORDER(s).

“INDIVIDUAL WORK ORDER” means for the purpose of this policy a written agreement between King County and the CONTRACTOR to perform a clearly defined SCOPE OF WORK, schedule, and price in accordance with the terms of the CONSTRUCTION WORK ORDER CONTRACT.

CON – 7-19 PROCUREMENT AND ADMINISTRATION OF CONSTRUCTION WORK ORDER CONTRACTS

Requirements:

- The Work Order contract shall contain a not-to-exceed (NTE) amount up to \$1,000,000 (excluding sales tax) with no guaranteed minimum amount of work. (may be exceeded with prior PCSS approval)
- One year fixed term with a one year option.
- The IA project management manual shall include an approval process for Individual Work Orders
- Every individual Work Order must have a independent estimate or critical estimate review. (Exception for urgent or unplanned events with Division Director approval)
- Division Director or designee must approval Individual Work Orders when independent estimates approaches the \$125,000 limit.

CON – 7-19 PROCUREMENT AND ADMINISTRATION OF CONSTRUCTION WORK ORDER CONTRACTS

Approval Limits:

\$0-\$125,000-Approval limits and delegation of authority established in IA manual.

\$125,000-\$150,000-Approval limits (above the project level authority) and delegation of authority established in IA manual.

Work Orders exceeding \$150,000-Approval limits (above the project level authority) and delegation of authority must be established in IA manual.

Required to be sent to PCSS Supervisor or Finance Project Control Officer (or designee) for review and recommendation prior to issuance.

CON – 7-19 PROCUREMENT AND ADMINISTRATION OF CONSTRUCTION WORK ORDER CONTRACTS

Reporting Requirements:

Provide PCSS with a periodic (quarterly) report that lists each of its construction work order contracts and work order history under each contract.

The report shall include:

- Date the Work Order Contract was executed
- The not to exceed contract price for the agreement
- Notice to Proceed (NTP) date
- Payments to date against the contract
- Date the individual work order(s) were executed,
- The individual work NTP date(s),
- A brief description of work
- The original work order price
- Total number and amount of Change Orders
- Date closed
- Total amount paid to date against the work order.

THANK YOU

